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July 24, 1996

JUL 24 1996

William F. Caton, Secretary  
Federal Communications Commission  
1919 M Street, N.W.  
Washington, D.C. 20554

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

Re: **Notice of Ex Parte Contact by The Intellicall Companies in CC Docket  
No. 96-128**

Dear Mr. Caton:

On July 23, 1996, on behalf on The Intellicall Companies (Intellicall), the undersigned counsel and Judith St. Ledger-Roty, also of this office, along with B. Reid Presson, Jr., Vice President of Intellicall, met with the following persons at the Commission: Michael Carowitz, Tom Zagorsky and Glen Reynolds. In the meeting, Intellicall discussed its views regarding payphone compensation.

As the above-described meeting was completed late in the afternoon, counsel was unable to file this letter on the same day that the meeting occurred. To the extent the Commission deems necessary, counsel hereby requests waiver of §1.1206(a)(2) of the Commission's rules requiring same-day submission of the instant letter.

In accordance with the Commission's rules, 47 C.F.R. §1.1206(a)-(b), we are filing an original and two copies of this notice of *ex parte* presentation and the handout distributed at the meeting. Please direct any questions regarding this filing to the undersigned.

Sincerely,

  
Wendy I. Kirchick

cc: Regina Keeney  
John B. Muleta  
Michael Carowitz  
Tom Zagorsky  
Glen Reynolds

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# **PAYPHONE COMPENSATION**

**CC DOCKET 96-128**

**TWO METHODS HAVE BEEN PROPOSED THAT  
MOST ACCURATELY APPORTION COSTS AMONG  
THE COST-CAUSERS**

- \* COIN PAID SET-USE FEE**
- \* THE SPREADING OF COSTS AMONG  
ALL NETWORK USERS**

## **A COIN PAID SET-USE FEE:**

- \* IS THE ONLY METHOD THAT IMPOSES THE PAYMENT OBLIGATION DIRECTLY ON THE COST-CAUSING PARTY;**
- \* WILL ELIMINATE FRAUD;**
- \* HAS NO ADMINISTRATIVE BURDENS OR COSTS;**
- \* HAS NO COSTS FOR IMPLEMENTATION, COLLECTION OR DISBURSEMENT;**
- \* CAN BE IMPLEMENTED IMMEDIATELY BY PAYPHONE OWNERS;**
- \* CAN BE IMPLEMENTED LAWFULLY UNDER THE ACT.**

**A PAYMENT COMPENSATION MECHANISM  
THAT SPREADS COSTS AMONG ALL  
NETWORK USERS:**

- \* BALANCES THE INTERESTS OF ALL INDUSTRY PARTICIPANTS RATHER THAN FAVORING SOME GROUPS OVER OTHERS;**
- \* NEXT TO A COIN PAID SET-USE FEE, AS CLOSELY AS PRACTICABLE PASSES THE COSTS OF PAYPHONE COMPENSATION ONTO THE COST-CAUSING PARTIES - - THE GENERAL PUBLIC;**
- \* IS CONSISTENT WITH THE PRINCIPLE SET FORTH IN THE 800 ACCESS AND CALLER ID ORDERS THAT COSTS INCURRED TO DEPLOY TECHNOLOGY BENEFITING THE PUBLIC AND SUPPORTING NEW SERVICES SHOULD BE BORNE BY ALL NETWORK USERS;**
- \* AVOIDS THE CONCERNS EXPRESSED BY THE COMMISSION REGARDING CUSTOMER INCONVENIENCE AND EXPECTATIONS RELATING TO A COIN PAID SET-USE FEE MECHANISM;**
- \* CAN BE IMPLEMENTED EASILY BY INCLUDING COMPENSATION COSTS WITHIN THE CARRIER COMMON LINE CHARGE AND POOLING INTO FUND ADMINISTERED BY NECA.**

## **CHARGING 800 SUBSCRIBERS FOR PAYPHONE COMPENSATION WOULD BE UNREASONABLE:**

- \* VIOLATES THE COMMISSION'S LONG STANDING POLICY REGARDING COST-CAUSATION BY CHARGING THE WRONG PARTY;**
- \* SINGLING OUT ONE GROUP TO PAY THE COSTS OF PAYPHONE COMPENSATION TO AVOID INCONVENIENCE TO THE TRUE COST-CAUSING PARTIES IS UNREASONABLY DISCRIMINATORY;**
- \* UNREASONABLY RAISES DEBIT CARD PROVIDERS' COSTS WITHOUT THE ABILITY TO RECOUP THOSE COSTS;**
- \* RESULTS IN SIGNIFICANT COSTS TO 800 SUBSCRIBERS PROVIDING PUBLIC ASSISTANCE THROUGH 800 NUMBERS, SUCH AS THE GOVERNMENT, AND DOMESTIC VIOLENCE AND AIDS HOTLINES;**
- \* HARMS THE PUBLIC INTEREST BY POTENTIALLY FORCING PUBLIC ASSISTANCE PROGRAMS TO DISCONTINUE THEIR 800 SERVICES;**
- \* CONTRADICTS THE POLICY STATED IN THE FCC'S RECENT PAY-PER-CALL ORDER THAT PEOPLE MUST BE AFFORDED THE OPPORTUNITY TO (i) RECEIVE INFORMATION ABOUT THE COST OF A CALL AND (ii) REJECT THE CALL WITHOUT INCURRING CHARGES.**

**ADDITIONAL ISSUES**

- \* A CALL IS “COMPLETED” ONLY WHEN IT REACHES THE INTENDED RECIPIENT.**
- \* THE ADOPTION OF A RULE EXEMPTING ALL CALLS LASTING LESS THAN ONE MINUTE WILL DETER FRAUD AND PROMOTE FAIRNESS.**
- \* EXEMPTING COMPANIES EARNING UNDER \$100 MILLION PER YEAR IN TOLL REVENUES WOULD REDUCE THE BURDENS ON SMALLER COMPANIES AND WOULD BE LESS ADMINISTRATIVELY BURDENSOME FOR THE COMMISSION.**

## **CONCLUSION**

- \* THE COIN PAID SET-USE FEE IS THE IDEAL SOLUTION IN THE SENSE THAT IT IMPOSES THE COSTS OF PAYPHONE COMPENSATION DIRECTLY ON THE COST-CAUSER.**
- \* THE NEXT BEST ALTERNATIVE IS TO SPREAD THE COSTS AMONG ALL NETWORK USERS. SUCH A MECHANISM, AS CLOSELY AS IS PRACTICABLE, PASSES THE COSTS ON TO THE COST-CAUSING PARTIES, IS FAIR AND EQUITABLE, AND ADEQUATELY ADDRESSES THE COMMISSION'S CONCERNS REGARDING A CALLING PARTY PAYS MECHANISM.**
- \* UNDER NO CIRCUMSTANCES IS IT FAIR OR IN THE PUBLIC INTEREST TO PASS THE COSTS OF PAYPHONE COMPENSATION ON TO 800 SUBSCRIBERS.**